

Major energy rate case decisions in the US January-June 2025

Quarterly update on decided rate cases

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For detailed data

Access the [RRA's electric and gas rate case decisions as of June 30, 2025](#) and related data.

The return on equity averages calculated for the first half of 2025 indicate a drop in the electric authorized ROE compared with the full year 2024 average, while the average gas authorized return on equity remained unchanged.

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Executive Summary

Introduction

In the first half of 2025, the average authorized return on equity (ROE) for electric utilities decreased while the authorized ROE for gas utilities was equal to that observed in calendar 2024.

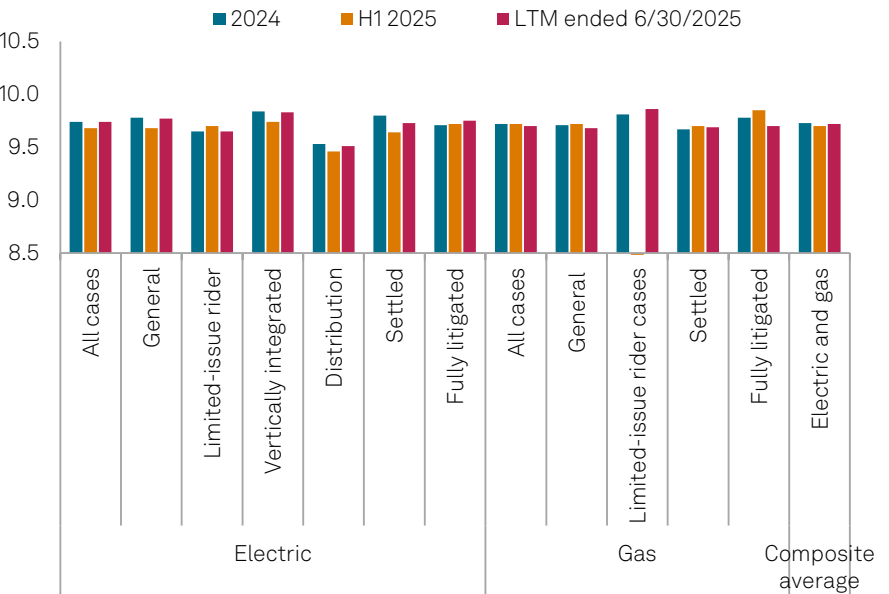
As per calculations from Regulatory Research Associates, the average authorized ROE for electric utilities was 9.68% in rate cases decided in the first half of 2025, just under the 9.74% average for full year 2024. There were 23 electric ROE authorizations in the first half of 2025 versus 55 in full year 2024.

The average ROE authorized for gas utilities was 9.72% in rate cases decided in the first half of 2025, equal to the 9.72% average for full year 2024. There were 15 gas ROE authorizations in the first half of 2025 versus 44 in full year 2024.

Rate case activity in 2024 remained elevated, with about 155 decisions issued by state public utility commissions, including 99 electric and gas equity-return determinations.

The primary driver for rate case filings continues to be capital expenditure recovery. Energy utilities are investing in infrastructure to modernize transmission and distribution systems; build new natural gas, solar and wind generation; and deploy new technologies to support the expansion of electric vehicles, battery storage and advanced metering infrastructure, all facilitating the transition toward decarbonization. Additional reasons for rate filings include rising expenses, revised cost-of-capital parameters, economic and sectorwide impacts on operations, recovery of costs related to storms and severe weather, and addressing rate treatment for generation facilities being retired early due to the energy transition. Many of the filings include proposals for alternative ratemaking frameworks to address volatile costs and mitigate regulatory lag.

Average authorized ROE (%)



	2024	H1 2025	LTM ended 6/30/2025
Electric averages			
All cases	9.74	9.68	9.74
General rate cases	9.78	9.68	9.77
Limited-issue rider cases	9.65	9.70	9.65
Vertically integrated cases	9.84	9.74	9.83
Distribution cases	9.53	9.46	9.51
Settled cases	9.80	9.64	9.73
Fully litigated cases	9.71	9.72	9.75
Gas averages			
All cases	9.72	9.72	9.70
General rate cases	9.71	9.72	9.68
Limited-issue rider cases	9.81	N/A	9.86
Settled cases	9.67	9.70	9.69
Fully litigated cases	9.78	9.83	9.70
Composite electric and gas averages			
Electric and gas	9.73	9.70	9.72
US Treasury			
30-year bond yield	4.41	4.77	4.56

Data compiled July 22, 2025.
ROE = return on equity; LTM = last-12-months; N/A = not applicable.
Sources: Regulatory Research Associates, a group within S&P Global Commodity Insights; US Treasury Department.
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About this report

This quarterly report presents a comprehensive analysis of electric and gas rate case decisions issued in the US during the first half of 2025, along with select aggregated historical data. The report utilizes data included in RRA's rate case database, available on S&P Capital IQ Pro. RRA tracks all "major" rate cases for investor-owned utilities nationwide, defining "major" as cases where the utility is seeking a rate change of at least \$5 million, or where the commission approves a rate change of at least \$3 million. Beyond base rate cases, the database includes details on certain limited-issue rider proceedings, particularly those involving significant rate base additions outside of a general rate case. Certain rate cases included in the database may not conform to the rate change coverage criteria, as necessary to provide continuity of coverage for a given utility. Historical data in this report may differ from previous reports due to variations in presentation, such as the treatment of withdrawn or dismissed cases and the inclusion of cases not previously included in RRA's coverage.

The Take

Results for the first half of 2025 indicate that electric authorized ROEs have trended downward since 2024, while the averages for gas utilities remain unchanged. In 2024, the average authorized returns for electric and gas utilities rose moderately compared to 2023, driven by a higher interest rate environment. However, the impact of interest rate increases on authorized returns has not been proportional, as regulators have become more cautious about raising ROEs as inflation, persistent elevated interest rates and rising wholesale power costs raise affordability concerns. Regulators face heightened political pressure to manage customer rate increases as accelerating capital investment to implement public policy objectives spurs an active rate case agenda and creates incremental upward momentum in customer bills.

RRA anticipates this surge in rate case activity will continue, as the elevated interest and inflation rates and the need for significant capital expenditures show no signs of abating. Moreover, additional expansion is expected to come from rising datacenter demand.

Overview of electric and gas authorizations

In the first half of 2025, the average authorized ROE for electric utilities decreased slightly compared to the full-year average of 2024, while the average authorized ROE for gas utilities remained unchanged.

The average ROE authorized for electric utilities in rate cases decided in the first half of 2025 was 9.68%, slightly below the 9.74% average observed in full year 2024. There were 23 electric ROE authorizations in the first half of 2025 versus 55 in full year 2024.

The average ROE authorized for gas utilities was 9.72% in rate cases decided in the first half of 2025, equal to the 9.72% average for full year 2024. There were 15 gas ROE authorizations in the first half of 2025 versus 44 in full year 2024.

The electric dataset includes several limited-issue rider cases. Excluding the rider cases, the average authorized ROE for electric cases was 9.68% in the first half of 2025 versus 9.78% in full year 2024. Four electric rider cases were concluded in the first half of 2025 versus 14 in full year 2024.

These cases generally rely on previously approved ROEs that are excluded from the averages. In the past, some of these mechanisms included incentives that caused the ROEs authorized in these cases to be significantly higher than those approved in general rate cases, raising the overall average. However, these premiums have largely expired.

There were no limited-issue rider cases with a gas authorized ROE in the first half of 2025, while there were four in 2024. Excluding the rider cases, the average authorized ROE for gas cases was 9.71% in full year 2024. Generally, limited-issue riders have a limited impact on average ROEs in the gas sector, as most gas riders depend on the ROE approved in any given utility's previous base rate case.

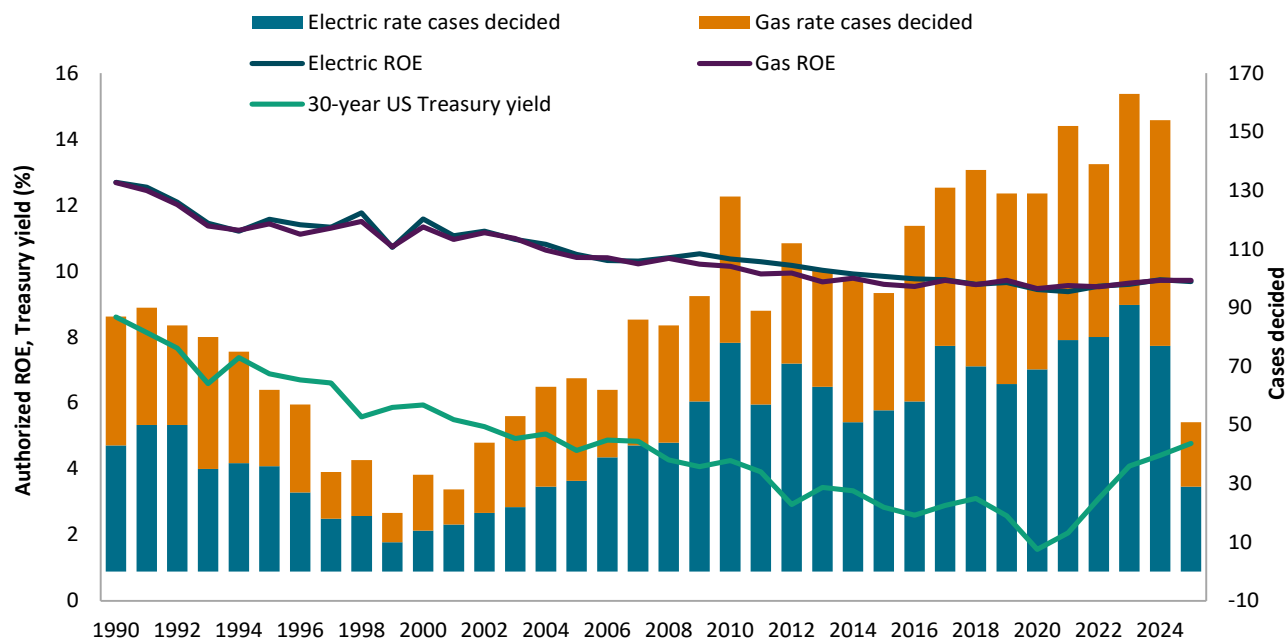
The median ROE authorized in all electric utility rate cases was 9.70% in the first half of 2025 and 9.70% in full year 2024. For gas utilities, the median was 9.79% in the first half of 2025 and 9.70% in full year 2024.

Looking at the last-12-months ended June 30, 2025, the average ROE authorized in all electric utility rate cases was 9.74%, and the median was 9.74%. For gas utilities, the average for the 12-month period ending June 30, 2025, was 9.70% and the median was 9.75%.

Authorized returns have generally followed the overall direction of interest rates, with a lag. However, the magnitude of the year change in authorized ROEs is generally much smaller than that of the interest rate changes.

Interest rates — as measured by the 30-year US Treasury bond yield — declined steadily from 1990 to 2020, exerting downward pressure on authorized ROEs. During this period, Treasury yields dropped by over 700 basis points, from 8.61% to 1.56%, while the average authorized ROEs for electric and gas utilities combined decreased by less than 325 basis points, from 12.69% to 9.45%. Notably, average authorized ROEs did not fall below 10% until 2011 for gas utilities and 2014 for electric utilities. The calendar-year averages fell below 9.50% for the first time in 2020.

Average electric, gas authorized ROEs; number of rate cases decided



Data compiled July 22, 2025.

ROE = return on equity.

Sources: Regulatory Research Associates, a group within S&P Global Commodity Insights;
US Treasury Department.

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The overall decline in authorized ROEs coincided with an increase in rate case activity, with 100 or more cases adjudicated in 12 of the past 15 calendar years. In 2024, nearly 155 cases were decided, with authorized increases totaling over \$9 billion. (This data includes electric and gas cases where no ROEs were specified but excludes withdrawn cases).

Between 1990 and 2020, interest rates and authorized ROEs declined at different rates, leading to a widening spread between authorized ROEs and the average yield on 30-year US Treasuries. This spread increased from just over 400 basis points in 1990 to nearly 800 basis points in 2020.

The widening spread is primarily due to regulators' implicit understanding that the interest rate drop driven by US Federal Reserve intervention was atypical. Consequently, regulators did not fully reflect the interest rate drop in newly authorized ROEs. In some instances, regulators recognized that industry changes and economic instability posed increased risks for investors, justifying a higher premium over interest rates.

The spread has been narrowing since 2020 — when interest rates began to rise, but authorized ROEs did not keep pace — reaching about 530 basis points in 2024. Given the various factors increasing customer bills and the focus on affordability, the spread may continue to narrow, as regulators may become more reluctant to raise authorized returns.

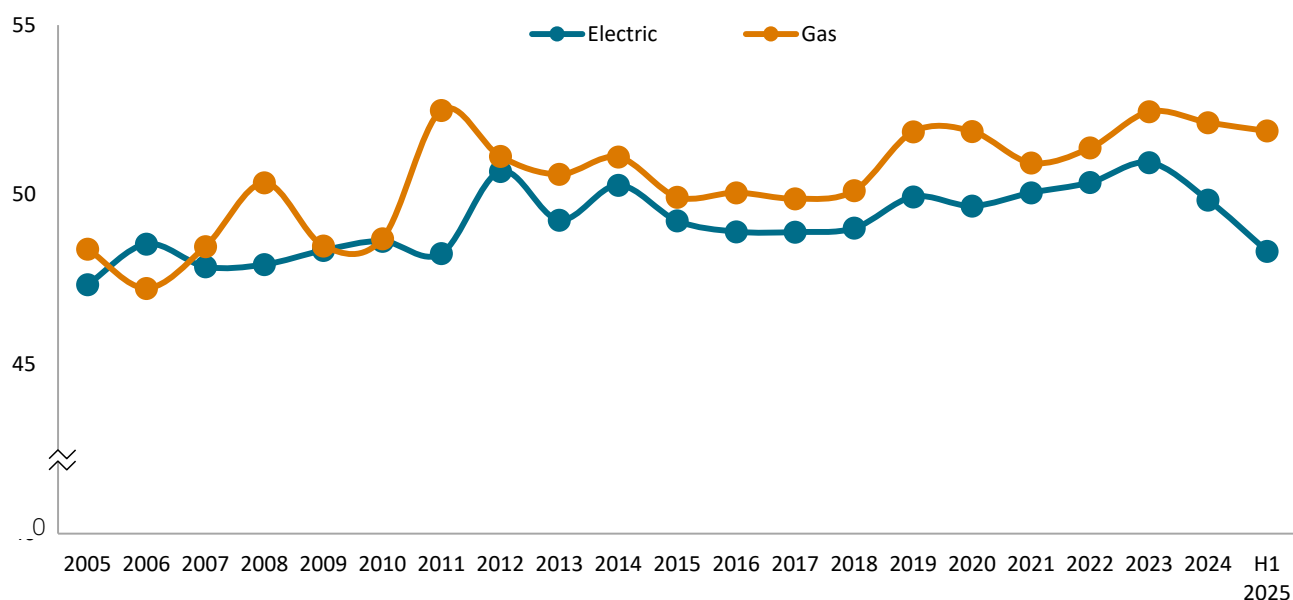
Capital structure trends

The negative cash flow impact from federal tax changes that took effect in 2018 raised concerns regarding utility liquidity and credit metrics. In response, many utilities sought higher common equity ratios. Consequently, the authorized equity ratios adopted by utility commissions in 2019 averaged 49.94% for electric utilities and 51.86% for gas utilities, modestly higher than the averages for 2018 and 2017, and almost 300 basis points above the levels observed in 2005.

Since then, authorized ROEs for electric utilities have fluctuated at levels around 50%, with the average for 2024 coming in at 49.84%. For gas utilities, the average has been slightly higher, reaching 52.45% in 2023 and settling down at 52.13% in 2024.

Authorized equity ratios fell for both electric and gas utilities in the first half of 2025, with the average for electric utilities reaching a five-year low of 48.33% and falling below 52% to 51.88% for gas.

Average authorized equity ratio (%)



Data compiled July 22, 2025.

“Sources: Regulatory Research Associates, a group within S&P Global Commodity Insights; US Treasury Department.

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A more granular look at ROE trends

So far, the discussion has focused on broad trends in authorized ROEs. The following sections provide a more detailed analysis.

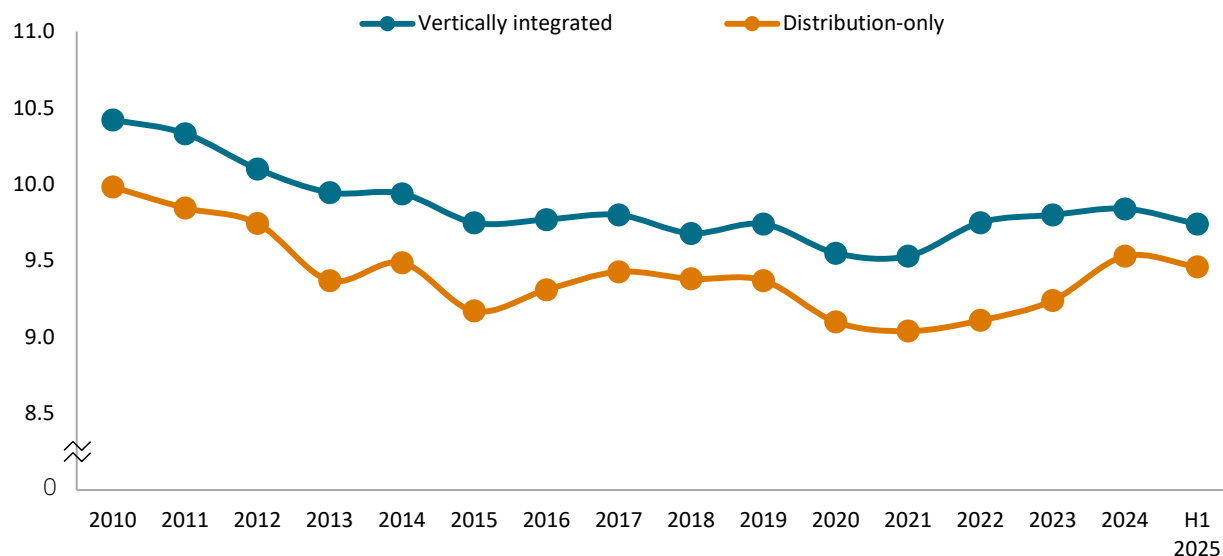
RRA has noted significant differences in average ROEs based on the types of proceedings or decisions in which these ROEs were established.

Due to the restructuring of the electric industry, several states have unbundled electric rates and introduced retail competition for generation. In these states, commissions have jurisdiction only over return parameters and revenue requirements for distribution operations.

RRA finds that the annual average authorized ROEs in vertically integrated cases involving generation assets have historically been about 30-65 basis points higher than in distribution-only cases. This difference is attributable to the increased risk associated with the construction, ownership and operation of generation assets, as well as the procurement of fuel supplies.

The industry average ROE for vertically integrated electric utilities was 9.74% in cases decided in the first half of 2025, versus the 9.84% average in full year 2024. For electric distribution-only cases, the industry average ROE was 9.46% in the first half of 2025, versus the 9.53% average in full year 2024.

Average authorized electric ROEs (%)



Data compiled July 22, 2025.

ROE = return on equity.

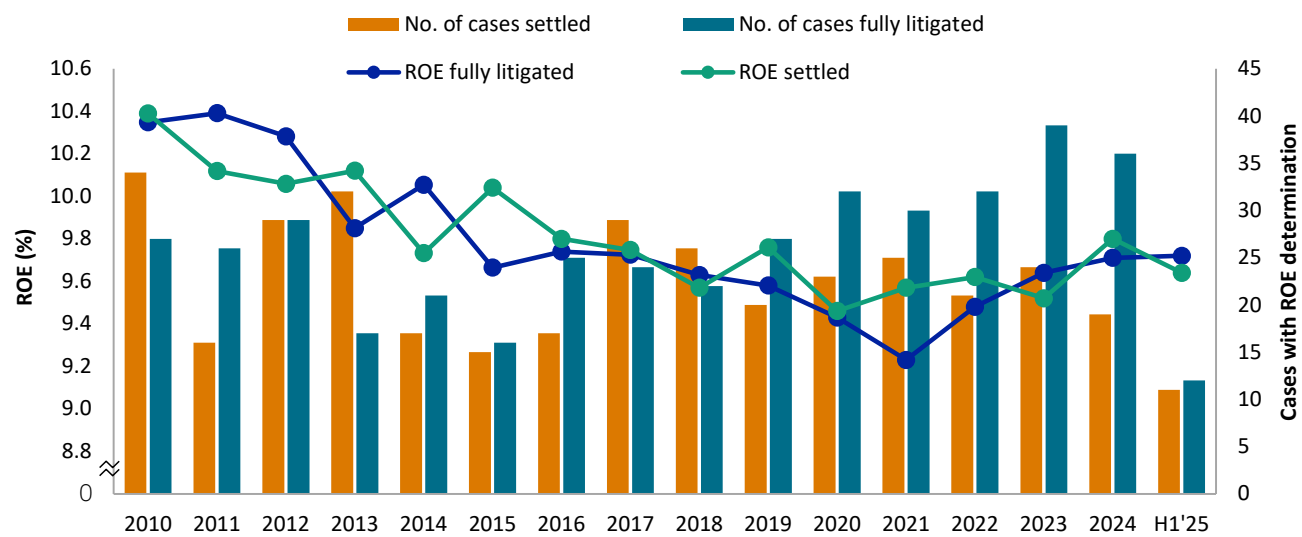
Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

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In recent years, settlements have frequently been used to resolve rate cases, with some taking the form of “black box” settlements. These do not specify the ROE or other typical rate case parameters underlying the stipulated rate change. However, some states require settlements to specify these values even if they do not provide all the specific adjustments from which these values were derived.

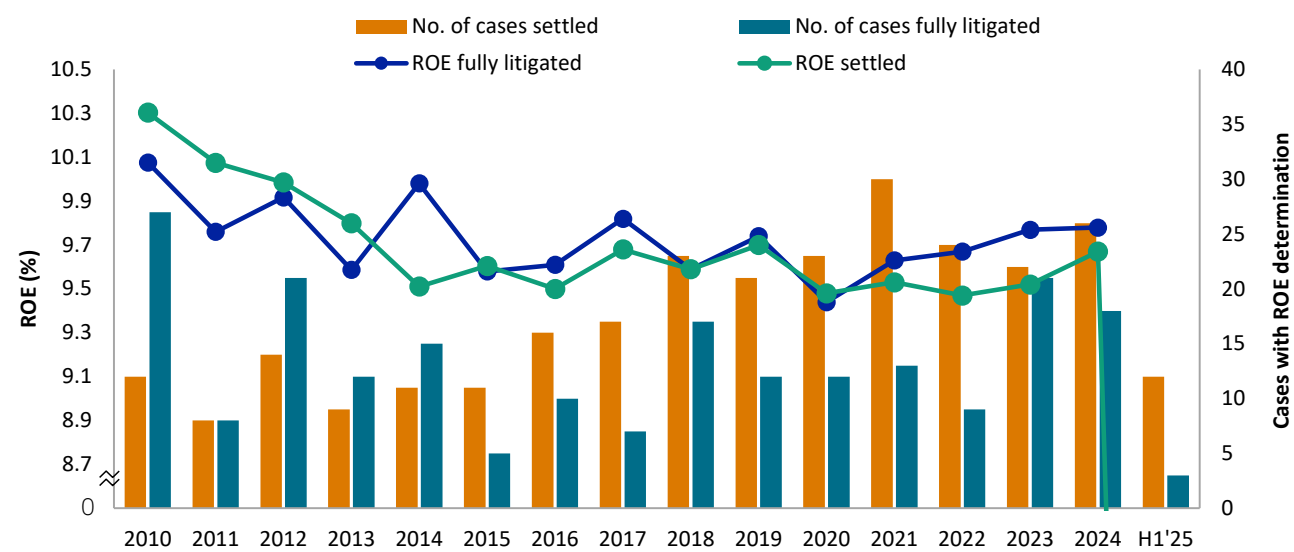
For both electric and gas cases, RRA has observed no consistent pattern in the relationship between average authorized ROEs for settled and fully litigated cases. In some years, the average authorized ROE was higher for fully litigated ones, while in others, the opposite was true.

Average authorized electric ROEs: Settled vs. fully litigated cases



Data compiled July 22, 2025.
ROE = return on equity.
Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.
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Average authorized gas ROEs: Settled vs. fully litigated cases



Data compiled July 22, 2025.
ROE = return on equity.
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The following discussion focuses on the corresponding tables available [here](#).

Table 1 shows the average ROE authorized in major electric and gas rate decisions annually since 1990 and quarterly since 2020, followed by the number of observations in each period.

Table 2 indicates the composite electric and gas industry data for all major cases, summarized annually since 2005 and quarterly since 2021.

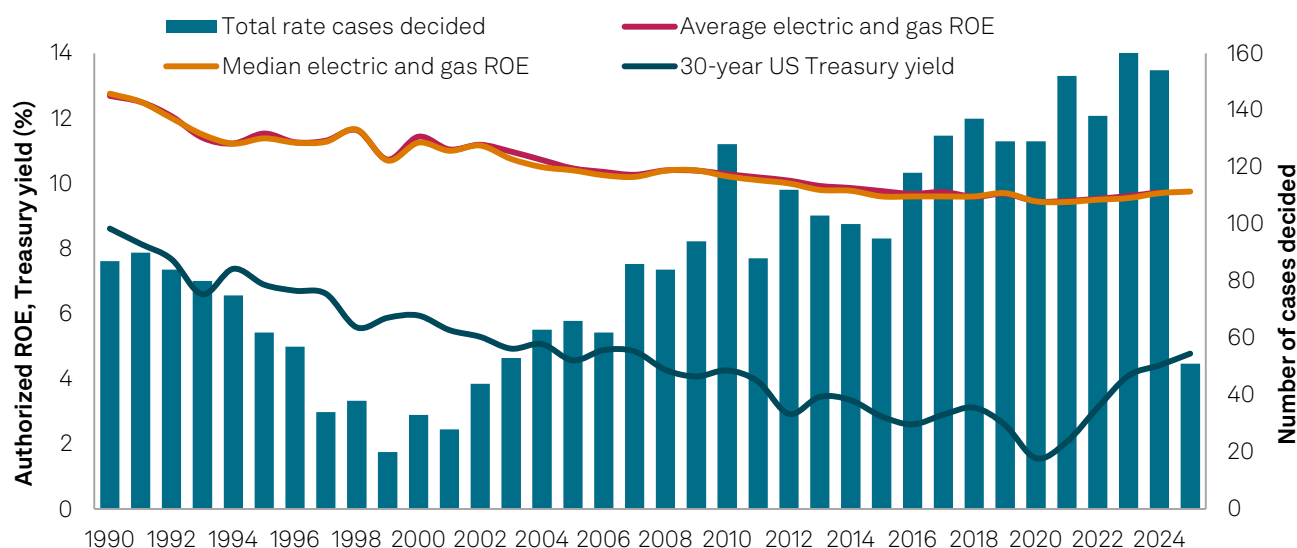
Tables 3 and 4 provide comparisons of average authorized ROEs for settled versus fully litigated cases, general rate cases versus limited-issue rider proceedings and vertically integrated cases versus distribution-only cases for electric and gas utilities since 2010.

Table 5 lists the individual electric and gas cases decided in the first half of 2025. The decision date is shown first, followed by the company name, company ticker, the abbreviation for the state issuing the decision, the authorized rate of return, the ROE and the percentage of common equity in the adopted capital structure. Next, RRA indicates the month and year in which the adopted test year ended, whether the commission utilized an average or a year-end rate base and the amount of the permanent rate change authorized. The dollar amounts represent the permanent rate change ordered when the decisions were rendered. This study does not reflect fuel adjustment clause rate changes.

The simple mean is utilized for the return averages. In addition, the average equity returns indicated in this report reflect the ROEs approved in cases decided during the specified periods; they are not necessarily representative of the average currently authorized ROEs for utilities industrywide or the returns earned by the utilities.

Table 6 and the graph below track the average and median equity return authorized for all electric and gas rate cases since 1990. As the table indicates, the average authorized ROEs have generally trended downward since 1990, reflecting the significant decline in interest rates and capital costs over this time frame. However, with the higher interest rate environment in the past couple of years, the average is beginning to trend moderately upward.

Composite electric, gas average authorized ROEs; total number of rate cases



Data compiled July 22, 2025.

ROE = return on equity.

Sources: Regulatory Research Associates, a group within S&P Global Commodity Insights;
US Treasury Department.

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Further Reading

[Major energy utility cases in progress in the US - Quarterly update on pending rate cases](#)

[State Regulatory Evaluations — Energy](#)

[The rate case process: a conduit to enlightenment](#)

[Rate base: It's more complicated than it sounds](#)

[Frequently Asked Questions](#)

[Intro to Water Utilities — Current Trends and Growth Drivers](#)

[An Overview of FERC Regulation](#)

[FERC Regulatory Review](#)

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